




Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Applicant Eligibility

Single Family Housing Guaranteed Loan Program
(SFHGLP)

 09/2020



THE ZERO DOWN PAYMENT OPTION *for Qualified Rural Homebuyers*



7 CFR 3555.151(a-d)

§3555.151 Eligibility requirements.

(a) *Income eligibility.* At the time of loan approval, the household's adjusted income must not exceed the applicable moderate income limit. The lender is responsible for documenting the household's income to determine eligibility for the SFHGLP.

(b) *Citizenship status.* Applicants must provide evidence acceptable to the Agency of their status as United States citizens, U.S. non-citizen nationals, or qualified aliens, as defined in §3555.10.

(c) *Principal residence.* Applicants must agree and have the ability to occupy the dwelling as their principal residence. The Agency may require evidence of this ability. Rural Development will not guarantee loans for investment properties, or temporary, short-term housing.

(d) *Adequate dwelling.* The dwelling must be modest, decent, safe, and sanitary.



7 CFR 3555.151(e)

(e) *Eligibility of current homeowners.* Current homeowners may be eligible for guaranteed home loans under this part if all the following conditions are met:

(1) The applicants are not financially responsible for another Agency guaranteed or direct home loan by the time the guaranteed home loan is closed;

(2) The current home no longer adequately meets the applicants' needs;

(3) The applicants will occupy the home financed with the SFHGLP loan as their primary residence;

(4) The applicants are without sufficient resources or credit to obtain the dwelling on their own without the guarantee;

(5) No more than one single family housing dwelling other than the one associated with the current loan request may be retained; and

(6) The applicants must be financially qualified to own more than one home. In order for net rental income from the retained dwelling to be considered for the applicant's repayment ability, the consistency of the rental income must be demonstrated for at least the previous 24 months, and the current lease must be for a term of at least 12 months after the loan is closed.



Current home *must*
no longer meet the
applicants' need.

Must *not* be for
convenience only!

HB-1-3555, 8.2A

- The current home owned no longer adequately meets the applicants' need. Manufactured housing units that are not fixed on a permanent foundation are considered functionally inadequate. The determination that the current home no longer adequately meets the applicant's needs must include documentation of a significant status change in the circumstances of the borrower that require immediate remedy. Examples of changes in status could include, but are not limited to:
 - Severe overcrowding which is defined as more than 1.5 household residents per room. The room count generally includes a living room, dining room, kitchen, den, recreation room, and bedroom(s). Room counts do not include the bathroom or an entry hall/foyer. The lender must obtain verification that overcrowding has existed for more than 90 days and will persist for at least nine (9) months into the future.
 - The disability or limited mobility of a permanent household resident that cannot be accommodated without substantial retrofitting of the current property, e.g., the installation of a ramp, an elevator or stair-lift, or extra-wide doors and hallways. Lender must obtain verification of the change in status, the existing property deficiencies, and the suitability of the new property.
 - The applicant is/has relocated with a new employer, or being transferred by the current employer to an area not within reasonable and locally recognized commuting distance.

In all cases, the lender must provide an additional explanation of the burden upon the applicant imposed by the status change both in the near and longer term, and also the reasons beyond homeowner convenience why the purchase of the property must be completed prior to the sale of the existing property. All documentation will be retained in the lender's permanent loan file and may be requested by the Agency upon review.

7 CFR 3555.151(f-g)

(f) *Legal capacity.* Applicants must have the legal capacity to incur the loan obligation, or have a court-appointed guardian or conservator who is empowered to obligate the applicant in real estate matters.

(g) *Suspension or debarment.* Applicants who are suspended or debarred from participation in Federal programs under 2 CFR parts 180 and 417 are not eligible for loan guarantees.



Retain supportive
documentation in
permanent case
file.

Liquid Assets =
*Cash or Cash
Equivalents*

7 CFR 3555.151(j)

(j) *Obtaining credit.* The applicant must be unable to obtain traditional conventional mortgage credit, as defined by the Agency, for the subject loan.

HB-1-3555, 8.2B

B. Obtaining Credit

Form RD 3555-21, "Request for Single Family Housing Loan Guarantee" requires both the lender and the applicant to certify that the applicant is unable to secure credit from other sources upon terms and conditions which the applicant can reasonably fulfill. The certification can be made if the applicant does not meet the requirements to obtain a traditional conventional credit loan. Traditional conventional credit is defined for Agency purposes as:

- The applicant has available personal non-retirement liquid verifiable asset funds of at least 20% of the purchase price that can be used as a down payment;
- The applicant can, in addition to the 20% down payment, pay all closing costs associated with the loan;
- The applicant can meet qualifying ratios of no more than 28% PITI and 36% TD when applying the 20% down payment;
- The applicant demonstrates qualifying credit for such a loan. The conventional mortgage loan term is for a 30- year fixed rate loan term without a condition to obtain private mortgage insurance (PMI).

If the applicant meets the cumulative criteria of traditional conventional credit, as defined by the Agency above; the applicant is ineligible for the SFHGLP.

7 CFR 3555.151(g) and
HB-1-3555, 8.2E

Verify debarment at
sam.gov.

Record date on Form
RD 3555-21.

Recheck verification if
greater than 30 days at loan
closing!

sam.gov

The screenshot shows the sam.gov homepage. At the top, there's a navigation bar with links: HOME, SEARCH RECORDS, DATA ACCESS, CHECK STATUS, ABOUT, and HELP. Below this is a search bar and a "Log In" button. A banner at the top right says "A NEW WAY TO SIGN IN - If you already have a SAM account, use your SAM email for login.gov." Below the navigation bar, there's a red alert banner: "ALERT: SAM.gov will be down for scheduled maintenance Saturday, 10/10/2020 from 8:00 AM to 1:00 PM." The main content area is titled "Search Records" and includes "Search Tips to Get Started:" with several bullet points. Below this, there's a section for "Choose Quick Search or Advanced Search" with two search boxes: "QUICK SEARCH:" and "ADVANCED SEARCH:". The "QUICK SEARCH:" box has a placeholder "Enter your specific search term" and an example "(Example of search term includes the entity's name, etc.)". The "ADVANCED SEARCH:" box has a placeholder "Use specific criteria in multiple categories to structure your search." and a button labeled "ADVANCED SEARCH - ENTITY".

GUS "Additional Data"

The screenshot shows the "Additional Data" form in the GUS system. On the left is a sidebar with a list of tabs: Credit / Underwriting, View Findings, Display Documents, Upload Documents, Request Forms, USDA Administration, Activity History, GUS Reports, Loan List, and Data Modified. The main content area contains several fields: "Project Type" (a dropdown menu), "Structure Type" (a dropdown menu with "Detached Housing" selected), "Purchase is" (a dropdown menu with "Existing" selected), "Is a Repair Escrow Account Established?" (radio buttons for "Yes" and "No"), "Type of Repairs Escrowed" (a dropdown menu), "Escrow Repairs Completed By" (a dropdown menu), "Property is less than 12 months old and never occupied" (a checkbox), "Is any party pertaining to this loan application debarred from doing business with the Federal government in the System for Award Management (SAM)?" (radio buttons for "Yes" and "No"), "Date Checked on System For Award Management" (a date field showing "09/17/2020"), and a link to "System For Award Management(SAM)".

7 CFR 3555.151(b)
and HB-1-3555,
8.2F

Obtain acceptable
documentation and
process request via
the GUS.

GUS "Transaction Details – Declarations"

j. Are you a U.S. Citizen? ^(P)	Homeowner, John	<input type="radio"/> Yes <input checked="" type="radio"/> No
k. Are you a permanent resident alien? ^(P)	Homeowner, John	<input checked="" type="radio"/> Yes <input type="radio"/> No

GUS "Additional Data"

Borrower Name	Lender Loan Number	Application ID Number
Homeowner, John	6189944091	20401

[Additional Data](#) | [Buy](#)

Homeowner, Mary | 19362531456 | 08/10/2010

Additional Borrower Information

(Check all that apply)

Applicant's Name	Response
Homeowner, John	<input type="text" value="No Relationship"/>
Homeowner, Mary	<input type="text" value="Member of Family"/>
Are you a veteran? ^(P)	Homeowner, John <input type="radio"/> Yes <input checked="" type="radio"/> No
	Homeowner, Mary <input type="radio"/> Yes <input checked="" type="radio"/> No
Are you disabled? ^(P)	Homeowner, John <input type="radio"/> Yes <input checked="" type="radio"/> No
	Homeowner, Mary <input type="radio"/> Yes <input checked="" type="radio"/> No
Are you debarred from doing business with the federal government? ^(P)	Homeowner, John <input type="radio"/> Yes <input checked="" type="radio"/> No
	Homeowner, Mary <input type="radio"/> Yes <input checked="" type="radio"/> No

Immigration / Naturalization Check

(The applicant indicated they are not a U.S. citizen. Immigration/Naturalization information must be provided.)

Homeowner, Mary

LEARNING CHECKS

7 CFR Part 3555 / HB-1-3555



QUESTION

Topic

- Question will be bulleted with scenario, or
- Include a statement/question

TRUE/FALSE or other answer options will be displayed



ANSWER

Topic

7 CFR Part 3555 and HB-1-3555 references provided

X. Correct Response

- Additional guidance for clarification may be provided



Ready?

LET'S GET
STARTED!



QUESTION

Applicant Eligibility

- As evidence of residency status, the applicant has provided the lender with a copy of I-765, “Employment Authorization Document”, which expires in 5 years.
- This applicant is eligible for financing with a USDA loan?

A. YES

B. NO



ANSWER

Applicant Eligibility

3555.151(b) and HB 8.2 B

B. NO

Applicants must be a U.S. citizen, a U.S. non-citizen national, or a qualified alien.



QUESTION

Applicant Eligibility

- An applicant has 20 percent for a down payment and closing costs saved between their checking, savings, and 401(k) retirement account.
- The applicant is not eligible for a guaranteed loan.

A. TRUE B. FALSE



ANSWER

Applicant Eligibility

3555.151(j) and HB 8.2 A

B. FALSE

Non-liquid assets such as a 401k retirement account are not included in funds available for a down payment.



QUESTION

Applicant Eligibility

- Jane is in the military and she and her husband, Jack, have applied for a guaranteed loan.
- She will be deployed within 30 days of loan closing for a 12-month tour of duty while Jack resides in the subject dwelling.
- The required occupancy requirements will be met.

A. TRUE B. FALSE



ANSWER

Applicant Eligibility

3555.151(c), HB 8.2 C

A. TRUE

- Jack will reside in the property while Jane is deployed.
- The home will be Jane's primary residence when she returns post-deployment.



QUESTION

Applicant Eligibility

If an applicant retains a home in addition to the one being financed with a guaranteed loan, rental income for repayment purposes must be received for a minimum of _____ months.

- A. 12
- B. 6
- C. 24
- D. 36



ANSWER

Applicant Eligibility

3555.152(b)(2), HB 9

C. 24 months

A minimum of 24 months rental history must be documented for income to be included and the current payment excluded.



QUESTION

Applicant Eligibility

- Ally has \$25,000 in her savings account.
- The purchase price is \$155,000 with closing costs of \$3500 (excluding the upfront guarantee fee.)
- Ally does not qualify due to her assets.

A. TRUE B. FALSE



ANSWER

Applicant Eligibility

3555.151 (j) and HB 8.2 A

A. FALSE

- $\$155,000 \times 20\% = \$31,000$
- $\$31,000 + \$3,500 \text{ closing costs} = \$34,500$

Ally only has \$25,000; therefore, she is unable to obtain convention financing as indicated in HB 8.2 A.



QUESTION

Applicant Eligibility

- Judy is a current USDA guaranteed loan borrower.
- She wishes to purchase a new home with a guaranteed loan with a closing date of July 14.
- The sale of her current home is scheduled to close on August 30.
- Judy is eligible for a guaranteed loan.

A. TRUE B. FALSE



ANSWER

Applicant Eligibility

3555.151 (e)(1), HB 8.A

A. FALSE

- Applicants may have only **one** guaranteed or direct loan at one time.
- Judy must close on the sale of her current guaranteed home before she can complete the purchase of the new home.



QUESTION

Applicant Eligibility

USDA must ensure that there is a bedroom for each household dependent in order for the home to be considered adequate for the household.

A. TRUE B. FALSE



ANSWER

Applicant Eligibility

3555.151(e)(2), HB 8.2 A

B. FALSE

USDA does not require a minimum number of bedrooms in the subject dwelling.



QUESTION

Applicant Eligibility

Which GUS application page allows the lender to enter non-U.S. Citizen documentation for program eligibility verification?

- A. Credit/Underwriting
- B. Borrower
- C. Additional Data
- D. Loan Terms



ANSWER

Applicant Eligibility

3555.151 (e)(1), HB 8.A

C. Additional Data



QUESTION

Applicant Eligibility

- George wishes to buy a \$135,000 home.
- The transaction will include \$5,000 in closing costs.
- His assets include \$150,000 in 401k, \$45,000 in IRA, and \$35,000 in savings.
- George wants the guaranteed loan because he will use \$20,000 of his savings to renovate the new home.
- George is eligible for a guaranteed loan?

A. YES

B. NO



ANSWER

Applicant Eligibility

3555.151 (j) and , HB 8.2 A

B. NO

- George has adequate funds for a 20% down payment.
- Funds may not be put aside for other purposes such as repairs and renovation.



QUESTION

Applicant Eligibility

- Jerry and Connie have found a home that will be closer to both of their places of employment as well as to their children's elementary school.
- They would like to retain their current residence and purchase the new home with a guaranteed loan.
- This scenario is eligible?

A. YES

B. NO



ANSWER

Applicant Eligibility

3555.151 (e) and , HB 8.2 A

B. NO

The lender must document the burden upon the applicant for the move beyond homeowner convenience.



Way to Go!

LEARNING CHECK
COMPLETED!



Navigate through these resources and tools like an expert!

Take the “Program Overview Training”

Available on the USDA LINC:
<https://www.rd.usda.gov/page/usda-linc-training-resource-library>

<https://www.rd.usda.gov/resources/regulations/program-regulations>

Subpart D—Underwriting the Applicant

§3555.151 Eligibility requirements.

§3555.152 Calculation of income and assets.

§§3555.153-3555.199 [Reserved]

§3555.200 OMB control number.

<https://rd.usda.gov/resources/directives/handbooks>

HB-1-3555 SFH GUARANTEED LOAN PROGRAM TECHNICAL HANDBOOK

A consolidated version of the handbook is available. [HB-1-3555](#) is a large document and may take sometime to load.

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Chapter 9 - Income Analysis

Chapter 10 - Credit Analysis

Chapter 11 - Ratio Analysis

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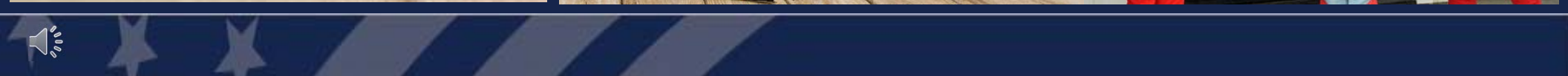
Can't find your answer in the regulation or handbook?

Contact the PAC team!

Want additional live program training?

Contact the LPA team!

TOPIC	CONTACT
File-Specific Questions Information to include in email: <ul style="list-style-type: none"> Identify the state the application is located; if applicable; Provide applicant's name and USDA borrower ID, if applicable; GUS loan number, if applicable Include contact information; and Indicate if you would like a call back (otherwise you will receive an email reply) 	Production Team One: SFHGLPONE@usda.gov AK, AL, AZ, CA, CO, GU, HI, IA, ID, KS, MT, NM, NV, OR, SD, TX, UT, WA, WI, WP, WY Production Team Two: SFHGLPTWO@usda.gov AR, KY, LA, MN, MO, MS, ND, NE, NJ, NY, OK Production Team Three: SFHGLPTHREE@usda.gov CT, DE, GA, IL, MA, MD, ME, MI, NC, NH, RI, SC, VT, WV Production Team Four: SFHGLPFOUR@usda.gov FL, IN, OH, PA, PR, TN, VA, VI
Lender Approval	sfhqld.compliance@usda.gov
Lender Recertification	
Program Training	sfhqld.lenderpartner@usda.gov
Program Marketing & Outreach	
General Loan Scenario Questions	sfhqld_program@usda.gov
Loan Policy/Regulation/Handbook	
Loan Servicing	sfhglpservicing@usda.gov
Technical Issues: e-Authentication	eAuthHelpDesk@ftc.usda.gov 800-457-3642, option 1 (USDA e-Authentication Issues)
Technical Issues: GUS	RD.HD@STL.USDA.GOV 800-457-3642, option 2 (USDA Applications); then option 2 (Rural Development)
Loss Claims	guarantee.svc@stl.usda.gov
Monthly & Quarterly Status Reporting	rd.nfaoc.hsb@stl.usda.gov
GUS User Agreements	
TOOLS & RESOURCES	
Regulation and Handbook: https://www.rd.usda.gov/resources/directives Lender Webpage—Turn times, contact information, and helpful links: https://www.rd.usda.gov/page/sfh-guaranteed-lender USDA LINC—Training modules, user guides, and more useful resources: https://www.rd.usda.gov/programs-services/lenders/usda-linc-training-resource-library GovDelivery—Receive notifications regarding origination, servicing, and GUS updates: https://public.govdelivery.com/accounts/USDARD/subscriber/new	





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